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Panel on Planning, Lands and Works

**Minutes of special meeting
held on Thursday, 15 January 2004 at 11:55 am
in the Chamber of the Legislative Council Building**

Members present : Hon LAU Ping-cheung (Deputy Chairman)
Hon James TIEN Pei-chun, GBS, JP
Dr Hon David CHU Yu-lin, JP
Ir Dr Hon Raymond HO Chung-tai, JP
Hon James TO Kun-sun
Hon LAU Wong-fat, GBS, JP
Hon Albert CHAN Wai-yip
Hon IP Kwok-him, JP

Member attending : Hon CHAN Yuen-han, JP

Members absent : Dr Hon TANG Siu-tong, JP (Chairman)
Hon WONG Yung-kan
Hon Timothy FOK Tsun-ting, SBS, JP
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, JP
Hon WONG Sing-chi

**Public officers
attending** : **Agenda Item I**

Mr Michael M Y SUEN, GBS, JP
Secretary for Housing, Planning and Lands

Mrs Carrie LAM
Permanent Secretary for Housing, Planning and Lands
(Planning and Lands)

Mr Thomas M T TSO
Deputy Secretary for Housing, Planning and Lands
(Planning and Lands)1

Ms Olivia NIP
Deputy Secretary for Housing, Planning and Lands
(Planning and Lands)2

Agenda item II

Dr Sarah LIAO Sau-tung, JP
Secretary for the Environment, Transport and Works

Mr Y C LO, JP
Permanent Secretary for the Environment, Transport and
Works (Works)

Mr K K KWOK
Deputy Secretary for the Environment, Transport and
Works (Works) W1

Mr W S CHAN
Deputy Secretary for the Environment, Transport and
Works (Works) W2

Mr Clement CHEUNG
Deputy Secretary for the Environment, Transport and
Works (Works) W3

Clerk in attendance : Ms Anita SIT
Chief Council Secretary (1)6

Staff in attendance : Ms Pauline NG
Assistant Secretary General 1

Ms Rosalind MA
Senior Council Secretary (1)8

Ms Christina SHIU
Legislative Assistant

I. Briefing by the Secretary for Housing, Planning and Lands on the Chief Executive's Policy Address 2004

(LC Paper No. CB(1)737/03-04(01) -- Paper on "Policy Initiatives of Housing, Planning and Lands Bureau")

The Deputy Chairman informed members that he would chair this meeting as Dr TANG Siu-tong, Chairman of the Panel, was unable to attend this meeting.

2. At the invitation of the Deputy Chairman, the Secretary for Housing, Planning and Lands (SHPL) highlighted the following planning and lands policies in the 2004 Policy Agenda-

- (a) The Administration would develop a land use, transport and environmental strategy under the Hong Kong 2030 Study to guide the long-term development of Hong Kong. The stage three public consultation of the study was in progress.
- (b) To address the building neglect problem, the Administration had launched a public consultation exercise on the policy direction to promote proper building management and maintenance.
- (c) A holistic urban renewal policy comprising redevelopment, rehabilitation, revitalization and preservation was needed to deal with the urban decay problem. The Administration would consult the public on ways and means to speed up urban renewal work.
- (d) On harbour development, the Administration was committed to protecting and preserving the Harbour and making the Harbour a harbour for the people. The Administration would work out a set of clear operational guidelines on how to comply with the Protection of the Harbour Ordinance (Cap. 531) and the judgment handed down by the Court of Final Appeal (CFA) on 9 January 2004 in taking forward any reclamation works in the Harbour. The Administration would endeavour to achieve broad consensus on this complex and controversial issue through rational discussions with interested parties and the community at large.

Land administration

3. Mr Albert CHAN pointed out that past incidents of unauthorized occupation of Government land and dumping of construction and demolition materials at unattended vacant Government land revealed the deficiencies of the Lands Department (LD) in land administration. There were also problems of ineffective monitoring of small houses in the New Territories. Mr CHAN opined

that the organizational structure and operation of LD should be urgently reviewed for improvement in the administration of Government land.

4. SHPL informed members that a consultancy study on the structure and operation of LD's Land Administration Office was underway. It was anticipated that recommendations for improvement would be put forward in the consultancy report for the Administration's consideration. The Permanent Secretary for Housing, Planning and Lands (Planning and Lands) (PSPL) added that the Administration appreciated members' concern about LD's land administration work and was preparing to brief the Panel on this subject in February 2004. She pointed out that in performing land administration duties, LD faced resources constraints. While the consultancy study would work towards the direction of re-organization of structure, re-engineering of procedures and re-prioritization of service provision (the 3 Rs), the Administration was also exploring ways for better utilization of existing resources for the management of vacant Government land. For example, under the Support for Self-reliance Scheme administered by the Social Welfare Department, arrangements were made for unemployed Comprehensive Social Security Assistance recipients to assist in the upkeep of vacant Government land in Tuen Mun.

5. Mr Albert CHAN was concerned that the future re-organization and re-engineering of LD would result in outsourcing the existing work undertaken by LD and thus make LD staff redundant. The Deputy Chairman said that redeployment of LD staff from the District Lands Offices (DLOs) in rural districts to urban districts and vice versa should be carefully planned because the work skills required of the staff for rural DLOs and urban DLOs were very different. SHPL responded that the possible issues arising from re-organization and staff redeployment would be addressed in the consultancy study.

6. Mr James TO urged the Administration to step up enforcement actions against illegal occupation of Government land by business operators or building owners erecting unauthorized building structures on pavements, in particular in areas with heavy pedestrian traffic. Mr TO expressed disappointment that although he had raised the issue to the Administration for a number of times in the past few years, enforcement actions had not been effectively taken to rectify the problem. He cautioned that delay in taking enforcement actions would have serious consequences, as under the existing law, owners of the unauthorized structures would have the right to claim compensation for clearance of the structures if the structures had been erected for 20 years or more.

7. SHPL appreciated Mr TO's concern and undertook to provide information of the enforcement actions taken by LD staff against these illegal building structures to the Panel after the meeting. At the request of Mr TO, SHPL also undertook to provide information on the number of these structures and the Government's work plan to tackle the problem.

Town planning

8. Miss CHAN Yuen-han opined that a people-oriented approach should be adopted in town planning. Referring to the planning of the South East Kowloon Development and the West Kowloon Cultural District (WKCD), Miss CHAN expressed concern about the Administration's approach in taking forward the planning of these major developments and the opportunities for public participation in the planning process.

9. In reply, SHPL explained that in the light of the CFA judgment handed down on 9 January 2004, the Administration would review the planning proposal for the South East Kowloon Development to ensure that any reclamation plan would satisfy the criteria laid down in the court judgment. As for the WKCD development, the Administration's plan was to develop the site into a world class integrated art, cultural and entertainment area. The Administration had issued an Invitation for Proposals inviting interested proponents to put forward their development proposals. The deadline for submission of proposals had been deferred to 19 June 2004 to allow more time for interested parties and the community at large to give their views on the development. The Administration had collected and would continue to gauge views from the relevant professions, the arts and cultural sector, as well as Legislative Council Members on the best way for achieving the development objective for WKCD.

10. Referring to the Administration's determination of adopting the canopy design for WKCD, Miss CHAN Yuen-han was concerned that it would be difficult for the Administration to take on different views from the public and the arts and cultural sector. She was also concerned that the initial concept of developing the South East Kowloon area in an environmental friendly manner would not be materialized as a result of the review on the reclamation plan of South East Kowloon.

11. PSPL said that if it was decided that the South East Kowloon Development should be planned afresh as a result of the review of the reclamation plan, the Administration would consult the public at the early stage of planning in the form of a concept plan. She said that in developing the concept plan, the Administration would observe the criteria for reclamation in the Harbour laid down by the court and would make use of the planning directions developed under the Hong Kong 2030 Study as the basis for working out the concept plan proposals.

12. Pointing out that ridgelines/peaks were valuable assets to Hong Kong and their preservation should be given special consideration, Miss CHAN Yuen-han urged the Administration to set clear policy on development height profile for better control of building height. In reply, SHPL explained that the preservation of ridgelines/peaks was one of the on-going initiatives under the purview of the Housing, Planning and Lands Bureau. He appreciated the concern about the importance of building height control and assured members that the Administration

would try to enhance the urban design of the city and protect its natural landscape including its ridgelines/peaks.

13. PSPL supplemented that preservation of ridgelines/peaks formed part of the Urban Design Guidelines (UDG), which had been incorporated into the Hong Kong Planning Standards and Guidelines in November 2003 and further work was being done by the Planning Department to materialize the needed control over building heights in certain areas. She said that the Town Planning Board (TPB) would consider planning applications with due regard to the UDG and thus would unlikely approve development applications if the proposed development was found detrimental to the preservation of ridgelines/peaks.

14. Mr IP Kwok-him referred to the Hong Kong 2030 Study Stage Three public consultation under which public views were being sought on the options for meeting the longer-term demand for premier office premises. Mr IP asked whether the Administration had any preference among the two options cited in the consultation paper, namely continuing the growth of the existing Central Business District and developing new premier office centres. He opined that expanding the existing business districts would generate more traffic and overburden the existing transport infrastructure, hence creating pressure for building new transport infrastructure along the northern shore of Hong Kong Island. Such development would in turn result in the pressure for reclamation to make available land for the purpose.

15. SHPL reiterated that the Government was committed to protecting and preserving the Harbour. As stated time and again in public, the Central Reclamation III, the proposed Wan Chai North and South East Kowloon reclamations were the only remaining reclamation projects in the Harbour. For the provision of premier offices to meet future demand, expansion of the existing central business district would not be achieved through reclamation but instead through means such as incremental redevelopment of under-utilized Government sites and old urban districts.

16. PSPL added that under the "Central Business District Extension" option, the principle was to make use of existing transport infrastructure as far as possible. In line with the policy of "big market, small government", the provision of premier offices would be market-led. She appreciated Mr IP's concern about the burden of further development of the Central District on the existing infrastructure and said that the concern would be taken into account in the HK2030 Study.

Policy on small houses

17. Mr LAU Wong-fat expressed concern about the progress of review of the policy on small houses and sought information on the schedule of completion of the review. In response, SHPL said that the Administration aimed to complete the review in three and a half years. He pointed out that the current policy on small houses was unsustainable as the limited land in the New Territories could not cope

with the continuous demand for land for small houses. While the Administration would consider proposals to facilitate the processing procedures for small houses, a breakthrough in the policy was necessary to tackle the problem at source. The Administration was consulting various stakeholders with a view to working out viable proposals which could balance the interests of different sectors of the community. Mr LAU Wong-fat expressed support to the Administration's efforts in reviewing the policy on small houses and emphasized that the Administration should formulate the proposals in a caring and just manner.

Deployment of Housing Authority staff

18. Ir Dr Raymond HO pointed out that as a result of the decision to cease the production and sale of the Housing Authority's (HA) Home Ownership Scheme (HOS) flats in 2002, the workload of professional staff of HA was on the decrease. This had generated problem of staff morale. As the staff concerned were uncertain about the redeployment plans, they were worried about their job security and the staff morale had been adversely affected. He suggested that the Administration should utilize the expertise of these professional staff through redeployment to other departments or public bodies, to assist in tasks requiring professional and technical input, such as building maintenance and repair. The Deputy Chairman shared his concern.

19. In reply, SHPL said that while there was reduction in workload in relation to the decision to cease the production and sale of HA's HOS flats, HA staff were engaged in a number of new tasks in 2003/04, such as preventive maintenance of public housing estates in the wake of the SARS outbreak. In 2004/05, the Administration was planning redeployment of some professional staff of HA to assist in building maintenance work in the Buildings Department (BD). PSPL added that given that HA was a financially independent body, special approval had been obtained from the Financial Services and the Treasury Bureau for special provisions for BD in the 2004/05 estimates to meet the payment of outsourcing fees to HA for redeployment of about 30 professional staff from HA to BD to assist in building maintenance work.

20. Ir Dr Raymond HO opined that the outsourcing services provided by professional staff of HA could be offered to other Government departments and public bodies, such as the Hospital Authority. The Deputy Chairman concurred and pointed out that the Urban Renewal Authority was also in need of expert services. SHPL responded that at present, the workload of HA was at a reasonable level for maintaining the existing staffing complement. HA would explore the feasibility of providing expert services to other departments or public bodies if surplus manpower was identified at a later stage.

Land supply

21. In response to Mr James TIEN's concern on the resumption of the Application List System in January 2004, SHPL reiterated that the land sites on the Application List would not be sold cheaply.

22. Referring to paragraph 7 of the information paper, Mr James TIEN sought information on the timetable and number of new residential flats involved in the railway-property development projects of the Mass Transit Railway Corporation Limited and the Kowloon-Canton Railway Corporation. Mr TIEN opined that for planning purpose, the Administration should provide an analysis of the overall demand and supply for new residential flats in Hong Kong taking into account the projected annual population growth in the next ten years. SHPL agreed to provide the requested information as far as possible to the Panel after the meeting.

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II. Briefing by the Secretary for the Environment, Transport and Works on the Chief Executive's Policy Address 2004

(LC Paper No. CB(1)774/03-04(01) -- Paper on "Policy Initiatives of the Environment, Transport and Works Bureau")

Briefing by the Secretary

23. At the invitation of the Deputy Chairman, the Secretary for the Environment, Transport and Works (SETW) briefed Members on the major policy initiatives on the works portfolio for the coming three and a half years as set out in the paper provided by the Administration.

Public-Private-Partnership and Outsourcing

24. Referring to the possible reprovisioning of Sha Tin Water Treatment Works (STWTW) through Public-Private-Partnership (PPP), Ir Dr Raymond HO enquired whether the arrangement being pondered by the Administration would have manpower implications for the Water Supplies Department (WSD). He clarified that the PPP approach that he advocated was to encourage private companies to initiate public works projects, not necessarily projects already on the Government's list and definitely not existing facilities. Where a company had put in resources on the preliminary studies for a project proposal and the Government decided to take forward the project, the efforts of the company should be accorded due credit in the tendering exercise for the project. Noting that the ultimate target of the Architectural Services Department (ArchSD) was to outsource 90% of the approved building projects, he asked for details of the staffing arrangements.

25. Permanent Secretary for the Environment, Transport and Works (Works) (PSETW(W)) said that a feasibility study was being conducted on STWTW. Details on the method of procurement would be worked out having regard to the consultants' findings and recommendations. If the design and construction of the facility were to be taken up by a private company, staff responsible for the design and works supervision in WSD would likely be affected. Affected staff would be redeployed to other strategic roles. A team would also be formed within WSD to supervise the works of the private company. As for ArchSD, the department's efficiency had improved under the re-engineering programme. The ultimate target was to outsource 90% of the newly approved building projects and 80% of all of the maintenance works. Staff would be re-deployed to work on development of the design and maintenance of public buildings and promoting higher standards in construction, site management and safety.

26. Ir Dr Raymond HO pointed out that staff of WSD and Drainage Services Department (DSD) had expressed concern on the impact of Government's outsourcing plans on them. He reminded the Administration that sufficient manpower should be deployed from the works departments to monitor the works that were undertaken by private companies/contractors. He also called on the Administration to implement more public works projects through increased involvement of the private sector in financing public works projects.

27. SETW explained that although the initial capital outlay could be provided by the private sector, the recurrent expenditure of the facilities procured through private financing would still have to be borne by the Government. Unless the users-pay principle was supported by the public and could apply in the case of the facilities concerned, the Administration would have to consider very carefully on the recurrent consequences of the facilities concerned. She remarked that the purpose of outsourcing and PPP arrangements was to enhance the efficiency and productivity of the public sector. Just as other departments, WSD and DSD had been exploring ways to streamline their structure through natural wastage and voluntary retirement. In fact, the global trend for public capital works was to outsource to the private sector with the Government playing the advisory and supervisory roles. Ir Dr Raymond HO said that as the outsourcing arrangement could affect more than 2 000 construction related personnel in the Government, any decision made should take into account the effect on staff morale.

28. The Deputy Chairman informed members that he had to leave the meeting due to another prior commitment. Ir Dr Raymond HO was then elected to take over the chair.

Employment opportunities for local construction workers

29. Mr Albert CHAN said that the Administration's decisions to delay or hold up some major infrastructure developments and public works projects had affected the employment opportunities of the local construction industry. He also pointed

out that the arrangement to entrust the design and/or construction of cross-boundary facility projects to the Mainland side would seriously undermine local employment opportunities. In this connection, he reiterated his dissatisfaction about the entrustment of the design and construction of the Hong Kong section of the Lok Ma Chau Bridge, the cost of which was borne by the HKSAR Government, to the Shenzhen Municipal People's Government. He also urged that to alleviate the unemployment problem of the local construction industry, the Administration should consider specifying in Government's construction contracts that the manufacturing of prefabricated components used in the construction projects must be undertaken in Hong Kong.

30. SETW replied that creation of job opportunities was an important factor to be taken into account in planning public works projects. The Administration had studied the relationship between infrastructure projects, maintenance and repair works and creation of job opportunities. Generally speaking, maintenance and repair works were more labour intensive and infrastructure projects usually required substantial sums to be spent on purchasing equipment from overseas. Hence, it had been the Administration's strategy to provide more job opportunities by undertaking more maintenance and repair works, some of which were aimed at beautifying the city.

31. Ir Dr Raymond HO pointed out that the use of prefabricated components had the advantage of saving space at the works site. However, when they were used in roads or bridges, uneven levels would occur at the joints or connecting points, causing a bumpy drive for vehicles. In addition, the delivery of the prefabricated components from the Mainland to Hong Kong would have adverse traffic and environmental impacts. He suggested that the Administration could specify in Government's works contracts that the prefabricated components must be manufactured in Hong Kong or that a certain percentage of the construction works must be undertaken at the project site.

32. SETW said that the Administration had discussed with contractors on manufacturing prefabricated components in Hong Kong. The cost and the availability of land were the two main factors at issue. On another front, the Administration had to be cautious about any adverse impact of such restrictive contract provisions on the local economy and whether such contract provisions would contravene the World Trade Organization Agreement on Government Procurement. SETW further said that building projects employed more construction workers than other types of construction works. Hence, if the property market rebounded, the employment situation of the local construction industry would be much improved.

33. Mr Albert CHAN acknowledged that requiring contractors to manufacture prefabricated components in Hong Kong or to undertake construction works in-situ would entail higher contract prices. He however opined that the well-being of local construction workers should outweigh the consideration of higher contract prices in some cases. He also commented that specifying in Government's contracts that

the manufacturing of prefabricated components must be undertaken at a certain place would not contravene any international trade agreement.

34. Ir Dr Raymond HO expressed concern that only some 80 projects were planned to be submitted to the Public Works Subcommittee in the current legislative session and the 24 items related to the construction of schools might be delayed or cancelled in view of the declining student population. Ir Dr HO and Mr Albert CHAN urged the Administration to accelerate the implementation of public works projects including the capital works projects identified by the two former Municipal Councils.

Management of construction and demolition waste

35. On the initiatives to reduce construction and demolition (C&D) waste, SETW advised that the Waste Disposal (Amendment) (No. 2) Bill 2003 sought to encourage the private sector to reduce, reuse and recycle C&D materials. The Bill proposed to set the disposal charge at \$125 per tonne at landfills and \$27 per tonne at public fill reception facilities. The Administration had also discussed with the Provisional Construction Industry Coordination Board on reusing C&D materials. The possibility of exporting C&D materials to the Mainland for purposes such as the rehabilitation of quarries was being studied and the Administration was liaising with the relevant Mainland authorities for the arrangement.

36. Commenting that the export price of C&D materials would be insignificant and the delivery process would cause pollution, Ir Dr Raymond HO opined that the materials should be reused by the local construction industry as far as possible.

37. In response, SETW explained that local demand for C&D materials was on the decline along with the reduction in the number and scale of reclamation projects. PSETW(W) supplemented that there were provisions in Government's works contracts requiring contractors to reuse C&D materials in the same or other projects as far as possible. The first temporary recycling plant had commenced operation in Tuen Mun Area 38. In the past 12 months, 190 000 tons recycled aggregates and granular materials were consumed in local construction activities. The Administration had been conducting field trials in collaboration with a local university to assess the performance of concrete paving blocks made of recycled C&D materials. The results were being reviewed with a view to issuing further guidelines to promote wider use of such paving blocks in public works projects.

III. Any other business

38. There being no other business, the meeting ended at 1:20 pm.

Council Business Division 1
Legislative Council Secretariat
23 February 2004